news 10/31/80

October 28, 1980

Monthly Failures

K-22 No. 5

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BUSINESS FAILURES SLACKEN DURING MAY BUT REMAIN AT SECOND HIGHEST LEVEL SINCE 1975

NEW YORK, October 28 - - Interrupting a three-month uptrend, business failures subsided 8.7 per cent to 975 in May from the five-year peak of 1,068 reached in April, reports Dun & Bradstreet. However, this was the second highest monthly total of business casualties since 1975 and 37.7 per cent above the 708 noted in May 1979.

As well, the liabilities incurred by the concerns failing in May dipped 11.0 per cent to $381.1 million from $428.2 million a month earlier. Still, the volume of liabilities came close to doubling the $200.4 million involved in May 1979 casualties. The steepest climb from last year in number of failures took place in the $100, 000 to $1,000,000 size group whereas million dollar bankruptcies did not change much in number but involved an aggregate of $219 million in losses vs. $104 million a year ago.

Although failures eased in all types of operation between April and May, tolls in all functions except manufacturing remained above March levels. Some noteworthy contrasts to the general month-to-month slowing occurred in machinery manufacturing and home goods retailing - - both at the highest level since 1975 - - and in the automotive retail group where casualties were heaviest since 1970.

In construction, there was a minimal ebb during May from the previous month. The toll in that industry exceeded last year's rate by over 60 per cent as compared with some 30 per cent in other functions. While among service enterprises failures increased from May 1979 levels by less than the average for all major operations, two exceptionally severe increases prevailed - - in transportation and repair services.

Six of the nine major geographic regions had fewer businesses failing in May than in the preceding month. In fact, in the East and West South Central, East North Central, and Pacific States, totals slipped to a three-month low. Texas, Indiana, and Washington dominated these regional downturns. Contrasting increases prevailed in three regions: the New England, Middle Atlantic and South Atlantic States.

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INDUSTRY AND TRADE	NUMBER OF FAILURES				LIABILITIES (In Thousands of Dollars)			
	MAY		FIVE MONTHS		MAY		FIVE MONTHS	
	1980	1979	1980	1979	1980	1979	1980	1979
MINING AND MANUFACTURING								
Mining-Coal, Oil, Miscellaneous	6	5	35	26	38,312	720	63,552	19,831
Food & Kindred Products	6	2	25	20	6,783	349	17,475	15,959
Textile Mill Products & Apparel	14	7	76	63	21,150	6,532	61,514	58,626
Lumber & Lumber Products	16	12	86	57	3,353	6,626	26,387	24,842
Paper, Printing & Publishing	13	12	57	64	2,826	3,241	29,237	16,320
Chemicals & Allied Products	1	3	19	17	30	321	6,585	12,323
Leather & Leather Products	1	2	9	4	28	8,803	8,850	6,898
Stone, Clay & Glass Products	5	3	23	13	1,123	5,272	7,247	14,398
Metals, Primary & Fabricated	11	8	58	40	3,717	5,647	89,918	18,113
Machinery	24	13	71	80	14,622	14,791	56,150	81,475
Transportation Equipment	8	3	35	20	3,151	397	26,520	21,301
Miscellaneous	23	22	107	83	24,943	8,083	88,195	31,134
TOTAL MINING & MANUFACTURING	128	99	601	487	120,038	60,782	481,630	323,220
WHOLESALE TRADE								
Food & Farm Products	18	16	74	69	12,928	4,843	39,412	35,895
Apparel	3	--	13	14	228	--	4,628	2,660
Dry Goods	--	1	10	7	--	800	11,263	3,188
Lumber, Bldg. Materials & Hardware	12	12	46	34	7,867	2,926	18,758	8,412
Chemicals & Drugs	8	--	20	11	1,649	--	5,974	10,341
Motor Vehicles & Auto Equipment	9	5	53	32	3,717	752	14,682	6,326
Electrical Goods	9	5	34	27	2,773	6,041	7,479	11,044
Furniture & Furnishings	4	4	24	17	3,081	694	10,219	5,182
Machinery, Equipment & Supplies	29	22	105	76	26,820	5,319	42,409	18,586
Miscellaneous	18	20	110	108	4,328	8,579	42,164	42,498
TOTAL WHOLESALE TRADE	110	85	489	395	63,391	29,954	196,988	144,132
RETAIL TRADE								
Food & Liquor	38	25	163	152	3,566	6,334	17,382	25,231
General Merchandise	9	7	59	28	2,890	1,365	16,854	9,710
Apparel Accessories	49	36	219	198	7,401	4,122	30,669	21,224
Furniture & Home Furnishings	66	49	266	212	12,335	9,853	45,969	32,872
Lumber, Bldg. Materials & Hardware	16	12	100	69	3,801	1,275	20,044	18,520
Automotive Group	97	51	359	227	26,043	9,068	105,764	34,781
Eating & Drinking Places	71	66	369	288	13,801	12,112	79,908	73,680
Drug Stores	8	11	23	34	1,200	1,179	2,551	3,885
Miscellaneous	51	51	288	258	7,146	4,587	54,196	30,416
TOTAL RETAIL TRADE	405	308	1,846	1,466	78,183	49,900	373,337	250,319
CONSTRUCTION								
General Building Contractors	89	55	419	272	32,267	13,837	139,082	61,081
Building Sub-Contractors	103	63	417	316	22,214	15,502	145,402	50,332
Other Contractors	10	7	43	29	29,924	5,371	49,346	18,678
TOTAL CONSTRUCTION	202	125	879	617	84,405	34,710	333,830	130,091
COMMERCIAL SERVICE								
Passenger & Freight Transportation	40	24	175	111	21,161	15,064	63,681	67,436
Miscellaneous Public Services	2	2	8	8	514	784	3,254	1,126
Hotels	6	3	21	7	4,710	752	13,740	5,389
Cleaning, Dyeing & Repairing	2	3	15	14	100	194	785	1,151
Laundries	2	3	4	3	453	207	924	207
Funeral Services	2	--	4	2	419	--	643	69
Other Personal Services	10	7	47	35	945	297	3,170	2,932
Business Services	47	46	218	163	5,428	6,110	40,264	60,275
Repair Services	19	10	67	53	1,399	1,695	5,225	3,936
TOTAL COMMERCIAL SERVICE	130	98	559	396	35,129	25,103	131,686	142,521
TOTAL UNITED STATES	975	708	4,374	3,361	381,146	200,449	1,517,471	990,283

APPARENT ANNUAL NUMBER OF FAILURES PER 10,000 LISTED ENTERPRISES

	UNADJUSTED INDEX			ADJUSTED INDEX		
	1980	1979	1978	1980	1979	1978
January	31.2	27.7	21.8	30.9	27.4	21.5
February	31.4	27.8	27.4	27.5	24.4	24.0
March	39.1	30.1	26.3	36.2	27.9	24.6
April	45.2	32.7	25.3	42.2	30.8	24.1
May	40.9	30.3	24.3	39.3	29.1	23.4
June		25.9	21.7		26.2	21.9
July		25.3	20.2		27.5	22.0
August		30.6	27.4		32.9	29.8
September		23.5	20.3		26.1	22.6
October		32.9	21.8		33.6	22.5
November		24.0	26.0		23.1	25.2
December		22.7	24.0		24.9	26.4
No. Average		27.8	23.9			

	NUMBER OF FAILURES			LIABILITIES (In Thousands of Dollars)		
	1980	1979	1978	1980	1979	1978
January	729	642	504	243,149	182,220	168,308
February	677	545	559	190,788	177,087	205,014
March	925	732	666	274,238	187,763	324,412
April	1,068	734	594	428,150	242,764	202,990
May	975	708	583	381,146	200,449	160,395
June		602	519		273,171	178,839
July		565	459		212,200	231,821
August		736	675		287,438	206,395
September		505	458		186,195	127,022
October		767	511		395,753	475,342R
November		519	556		184,307	178,933
December		509	535		138,015	196,535
Total		7,564	6,619		2,667,362	2,656,006R

DUN'S FAILURE INDEX RELATES THE NUMBER OF FAILURES IN EACH MONTH TO THE NUMBER OF INDUSTRIAL AND COMMERCIAL ENTERPRISES LISTED IN THE DUN & BRADSTREET REFERENCE BOOK. IT SHOWS THE ANNUAL RATE AT WHICH BUSINESS CONCERNS WOULD FAIL IF THE NUMBER OF FAILURES AND CONCERNS LISTED IN THAT MONTH PREVAILED FOR AN ENTIRE YEAR. THE INDEX IS EXPRESSED AS THE ANNUAL NUMBER OF FAILURES PER 10,000 LISTED INDUSTRIAL AND COMMERCIAL ENTERPRISES.

THE "UNADJUSTED" FIGURES HAVE BEEN SLIGHTLY ADJUSTED TO EQUALIZE, IN SO FAR AS POSSIBLE, THE NUMBER OF WORKING DAYS IN EACH MONTH. SEASONAL FLUCTUATIONS HAVE BEEN REMOVED IN THE ADJUSTED INDEX BY THE METHOD OF DEVIATIONS FROM A TWELVE-MONTH MOVING AVERAGE.

BUSINESS FAILURES INCLUDE THOSE BUSINESSES THAT CEASED OPERATIONS FOLLOWING ASSIGNMENT, OR BANKRUPTCY; CEASED WITH THE LOSS TO CREDITORS AFTER SUCH ACTIONS AS EXECUTION, FORECLOSURE, OR ATTACHMENT; VOLUNTARILY WITHDREW LEAVING UNPAID OBLIGATIONS, WERE INVOLVED IN COURT ACTIONS SUCH AS RECEIVERSHIP, REORGANIZATION, OR ARRANGEMENT, OR VOLUNTARILY COMPROMISED WITH CREDITORS OUT OF COURT.

LIABILITIES, AS USED IN THE FAILURE RECORD, HAVE A SPECIAL MEANING: THE INCLUDE ALL ACCOUNTS AND NOTES PAYABLE AND ALL OBLIGATIONS, WHETHER IN SECURED FORM OR NOT, KNOWN TO BE HELD BY BANKS, OFFICERS, AFFILIATED COMPANIES, SUPPLYING COMPANIES, OR THE GOVERNMENT. THE DO NOT INCLUDE LONG-TERM, PUBLICLY-HELD OBLIGATION. OFFSETTING ASSETS ARE NOT TAKEN INTO ACCOUNT.

UNITED STATES FAILURES BY STATES -- MAY 1980

REGIONS AND STATES	NUMBER OF FAILURES				LIABILITIES (In Thousands of Dollars)			
	MAY		FIVE MONTHS		MAY		FIVE MONTHS	
	1980	1979	1980	1979	1980	1979	1980	1979
MAINE	1	6	25	16	351	902	15,463	1,887
NEW HAMPSHIRE	1	2	7	9	42	161	557	4,341
VERMONT	4	--	7	3	1,012	--	1,233	71
MASSACHUSETTS	30	21	100	88	30,270	10,386	53,753	31,130
CONNECTICUT	14	11	48	38	1,638	1,333	11,748	4,636
RHODE ISLAND	7	1	8	2	9,046	144	9,078	878
TOTAL NEW ENGLAND	57	41	195	156	42,359	12,926	91,832	42,943
NEW YORK	56	24	216	247	15,949	7,835	175,684	110,390
NEW JERSEY	42	41	193	155	7,413	14,545	74,058	66,586
PENNSYLVANIA	51	34	236	165	13,650	13,671	46,119	84,111
TOTAL MIDDLE ATLANTIC	149	99	645	567	37,012	36,051	295,861	261,087
OHIO	27	33	122	134	5,966	4,850	24,738	34,044
INDIANA	15	10	103	67	5,302	1,325	29,011	21,077
ILLINOIS	48	43	236	184	8,948	15,164	52,236	47,897
MICHIGAN	52	44	253	217	17,586	9,327	75,085	68,268
WISCONSIN	19	8	76	49	5,016	827	14,313	4,462
TOTAL EAST NORTH CENTRAL	161	138	790	651	42,818	31,493	195,383	175,748
MINNESOTA	21	11	99	93	21,022	3,374	73,415	20,342
IOWA	7	8	41	35	3,183	1,433	8,661	5,433
MISSOURI	15	11	51	33	4,186	1,136	17,480	4,316
NORTH DAKOTA	5	--	25	11	1,072	--	6,377	2,823
SOUTH DAKOTA	10	2	25	13	2,546	1,210	7,562	5,373
NEBRASKA	9	1	45	27	937	44	7,510	3,030
KANSAS	12	13	63	47	1,788	969	9,801	5,628
TOTAL WEST NORTH CENTRAL	79	46	349	259	34,734	8,171	130,806	46,945
MARYLAND	4	5	63	57	1,352	390	10,271	10,453
DELAWARE	3	--	3	6	1,042	--	1,042	1,109
DISTRICT OF COLUMBIA	--	1	--	7	--	38	--	1,371
VIRGINIA	14	14	96	51	3,773	3,380	22,812	10,265
WEST VIRGINA	8	--	16	10	6,261	--	10,558	6,704
NORTH CAROLINA	17	16	64	49	8,197	4,739	26,105	10,699
SOUTH CAROLINA	--	--	--	2	--	--	--	12,042
GEORGIA	39	16	106	67	13,607	6,332	48,672	17,813
FLORIDA	23	13	63	44	4,032	3,582	17,058	20,798
TOTAL SOUTH ATLANTIC	108	65	411	293	38,264	18,461	136,518	91,254
KENTUCKY	9	4	66	22	5,027	296	18,580	3,972
TENNESSEE	41	23	170	83	20,706	4,310	53,793	11,970
ALABAMA	6	12	39	62	28,244	4,205	33,818	11,962
MISSISSIPPI	9	3	22	16	1,141	285	8,803	5,411
TOTAL EAST SOUTH CENTRAL	65	42	297	183	55,118	9,096	114,994	33,315
ARKANSAS	10	5	36	30	2,285	731	9,447	3,656
OKLAHOMA	26	22	96	65	5,802	3,331	27,140	15,169
LOUISIANA	13	8	47	47	15,321	3,775	38,620	14,129
TEXAS	49	61	330	249	56,066	22,932	149,701	102,698
TOTAL WEST SOUTH CENTRAL	98	96	509	391	79,474	30,769	224,908	135,652
MONTANA	8	5	10	18	911	1,893	1,243	3,694
IDAHO	6	--	24	8	746	--	3,637	1,078
WYOMING	--	--	--	2	--	--	--	1,626
COLORADO	16	14	65	51	1,252	2,743	15,881	9,724
NEW MEXICO	5	--	24	3	229	--	2,245	174
ARIZONA	--	--	2	14	--	--	132	773
UTAH	--	1	9	9	--	1,388	791	2,048
NEVADA	2	7	14	18	903	585	3,293	1,860
TOTAL MOUNTAIN	37	27	148	123	4,041	6,609	27,222	20,977
ALASKA	10	--	33	--	1,286	--	5,058	--
HAWAII	7	--	44	14	571	--	10,492	2,775
WASHINGTON	50	28	230	142	13,571	9,882	51,255	25,452
OREGON	14	17	78	74	2,223	2,708	95,139	11,593
CALIFORNIA	140	109	645	508	29,675	34,283	138,003	142,542
TOTAL PACIFIC	221	154	1,030	738	47,326	46,873	299,947	182,362
25 LARGEST CITIES								
NEW YORK, NEW YORK	32	15	122	188	13,375	6,346	158,129	99,899
CHICAGO, ILLINOIS	12	14	44	54	3,186	8,808	9,574	19,404
LOS ANGELES, CALIFORNIA	10	6	60	35	2,626	581	14,878	8,788
PHILADELPHIA, PENNSYLVANIA	13	6	60	37	963	1,140	9,246	23,204
DETROIT, MICHIGAN	7	4	25	26	4,470	525	10,781	6,128
HOUSTON, TEXAS	19	13	72	47	46,604	9,693	64,734	20,676
BALTIMORE, MARYLAND	1	2	24	23	900	115	5,569	5,763
DALLAS, TEXAS	5	12	38	40	1,026	2,195	13,853	29,867
WASHINGTON, D.C.	--	1	--	8	--	38	--	1,906
CLEVELAND, OHIO	--	1	--	11	--	12	--	1,246
INDIANAPOLIS, INDIANA	5	3	32	13	846	436	8,014	2,673
MILWAUKEE, WISCONSIN	1	2	5	8	278	139	587	891
SAN FRANCISCO, CALIFORNIA	5	4	18	23	1,432	270	5,025	12,682
SAN DIEGO, CALIFORNIA	7	1	13	5	771	250	1,932	835
SAN ANTONIO, TEXAS	--	4	26	14	--	940	6,109	3,115
BOSTON, MASSACHUSETS	5	2	23	14	2,491	97	6,995	4,185
MEMPHIS, TENNESSEE	6	6	24	15	1,778	1,790	3,122	2,621
ST. LOUIS, MISSOURI	--	--	3	2	--	--	5,054	53
NEW ORLEANS, LOUISIANA	5	2	13	9	1,296	2,713	20,168	4,351
PHIENIX, ARIZONA	--	--	1	6	--	--	32	369
COLUMBUS, OHIO	--	4	14	7	--	603	3,598	4,013
SEATTLE, WASHINGTON	10	5	38	20	5,876	2,318	19,537	5,143
JACKSONVILLE, FLORIDA	--	--	--	--	--	--	--	--
PITTSBURGH, PENNSYLVANIA	3	--	19	10	576	--	2,957	15,943
DENVER, COLORADO	4	3	21	11	344	1,263	4,471	2,611
TOTAL 25 CITIES	150	110	69[illegible]	626	88,838	40,272	374,365	276,366
BALANCE OF COUNTRY	825	598	3,67[illegible]	2,735	292,308	160,177	1,143,106	713,917
TOTAL UNITED STATES	975	708	4,374	3,361	381,146	200,449	1,517,471	990,283

SIZE OF LIABILITIES (In Thousands of Dollars)

SIZE OF LIABILITIES BY INDUSTRY GROUP	MAY 1980 NUMBER	MAY 1980 PER CENT	MAY 1980 CURRENT LIAB.	MAY 1979 NUMBER	MAY 1979 PER CENT	MAY 1979 CURRENT LIAB.	FIVE MONTHS NUMBER	FIVE MONTHS PER CENT	FIVE MONTHS CURRENT LIAB.	FIVE MONTHS NUMBER	FIVE MONTHS PER CENT	FIVE MONTHS CURRENT LIAB.
MINING & MANUFACTURING	128	100.0	120,038	92	100.0	60,782	601	100.0	481,630	487	100.0	323,220
Under $5,000	--	--	--	--	--	--	1	0.2	2	1	0.2	1
$5,000 to $25,000	6	4.7	87	9	9.8	127	42	7.0	621	32	6.6	512
$25,000 to $100,000	34	26.6	1,991	21	22.8	1,108	140	23.3	8,124	139	28.5	7,668
$100,000 to $1,000,000	74	57.8	27,714	43	46.7	12,124	332	55.2	109,653	245	50.3	71,604
$1,000,000 and Over	14	10.9	90,246	19	20.7	47,423	86	14.3	363,230	70	14.4	243,435
WHOLESALE TRADE	110	100.0	63,391	85	100.0	29,954	489	100.0	196,988	395	100.0	144,132
Under $5,000	1	0.9	4	1	1.2	3	3	0.6	8	3	0.8	10
$5,000 to $25,000	6	5.5	108	4	4.7	77	30	6.1	477	30	7.6	469
$25,000 to $100,000	30	27.3	1,872	26	30.6	1,408	154	31.5	9,295	123	31.1	6,869
$100,000 to $1,000,000	61	55.4	19,444	47	55.3	14,595	259	53.0	75,140	209	52.9	66,933
$1,000,000 and Over	12	10.9	41,963	7	8.2	13,871	43	8.8	112,068	30	7.6	69,851
RETAIL TRADE	405	100.0	78,183	308	100.0	49,900	1,846	100.0	373,337	1,466	100.0	250,319
Under $5,000	3	0.8	10	3	1.0	10	18	1.0	54	21	1.4	59
$5,000 to $25,000	37	9.1	577	48	15.6	716	210	11.4	3,200	238	16.2	3,695
$25,000 to $100,000	164	40.5	9,319	151	49.0	8,682	776	42.0	44,083	665	45.4	36,981
$100,000 to $1,000,000	192	47.4	52,086	98	31.8	25,682	795	43.1	199,351	517	35.3	125,243
$1,000,000 and Over	9	2.2	16,191	8	2.6	14,810	47	2.5	126,649	25	1.7	84,341
CONSTRUCTION	202	100.0	84,405	125	100.0	34,710	879	100.0	333,830	617	100.0	130,091
Under $5,000	1	0.5	5	1	0.8	4	3	0.4	10	4	0.6	13
$5,000 to $25,000	19	9.4	271	17	13.6	241	90	10.2	1,468	72	11.7	1,114
$25,000 to $100,000	79	39.1	4,705	46	36.8	2,607	337	38.3	19,546	241	39.1	13,200
$100,000 to $1,000,000	92	45.5	25,020	52	41.6	15,196	413	47.0	189,577	277	44.9	74,089
$1,000,000 and Over	11	5.5	54,404	9	7.2	16,662	36	4.1	123,229	23	3.7	41,675
COMMERCIAL SERVICE	130	100.0	35,129	98	100.0	25,103	559	100.0	131,686	396	100.0	142,521
Under $5,000	1	0.8	5	3	3.1	9	4	0.7	18	7	1.8	19
$5,000 to $25,000	23	17.7	356	24	24.5	374	91	16.3	1,449	83	21.0	1,210
$25,000 to $100,000	48	36.9	2,667	26	26.5	1,386	223	39.9	12,156	143	36.1	7,576
$100,000 to $1,000,000	54	41.5	14,948	42	42.8	11,561	217	38.8	57,674	147	37.1	40,355
$1,000,000 and Over	4	3.1	17,153	3	3.1	11,773	24	4.3	60,389	16	4.0	93,361
TOTAL UNITED STATES	975	100.0	381,146	708	100.0	200,449	4,374	100.0	1,517,471	3,361	100.0	990,283
Under $5,000	6	0.6	24	8	1.1	26	29	0.6	92	36	1.1	102
$5,000 to $25,000	91	9.4	1,399	102	14.4	1,535	463	10.6	7,216	455	13.5	7,000
$25,000 to $100,000	355	36.4	20,554	270	38.2	15,191	1,630	37.3	93,204	1,311	39.0	72,294
$100,000 to $1,000,000	473	48.5	139,212	282	39.8	79,158	2,016	46.1	631,394	1,395	41.5	378,224
$1,000,000 and Over	50	5.1	219,957	46	6.5	104,539	236	5.4	785,565	164	4.9	532,663

FAILURES BY FEDERAL RESERVE DISTRICT BY DIVISIONS OF INDUSTRY...MAY 1980
(Liabilities in Thousands of Dollars)

FEDERAL RESERVE DISTRICTS BY INDUSTRY GROUP	MANUFACTURING NUMBER	MANUFACTURING CURRENT LIAB.	WHOLESALE TRADE NUMBER	WHOLESALE TRADE CURRENT LIAB.	RETAIL TRADE NUMBER	RETAIL TRADE CURRENT LIAB.	CONSTRUCTION NUMBER	CONSTRUCTION CURRENT LIAB.	COMM. SERVICE NUMBER	COMM. SERVICE CURRENT LIAB.	U.S. TOTAL NUMBER	U.S. TOTAL CURRENT LIAB.
Boston	13	32,319	4	1,198	25	7,032	5	356	5	991	52	41,896
New York	15	5,191	13	7,762	38	7,079	10	811	14	1,441	90	22,284
Philadelphia	4	1,252	3	5,604	30	4,381	14	2,921	9	843	60	15,001
Cleveland	4	4,098	2	1,087	14	1,933	10	4,130	10	836	40	12,084
Richmond	8	7,780	5	511	17	8,912	9	1,140	3	1,213	42	19,556
Atlanta	17	31,461	18	23,702	40	5,808	28	4,503	14	14,589	117	80,063
Chicago	19	6,354	13	3,573	50	13,014	24	6,730	14	2,532	120	32,203
St. Louis	6	2,517	10	1,989	22	3,750	6	1,245	2	232	46	9,733
Minneapolis	2	18,483	8	4,326	25	2,629	11	2,727	6	2,234	52	30,399
Kansas City	7	2,468	3	1,265	37	3,574	18	2,931	10	2,911	75	13,149
Dallas	5	1,095	8	3,188	15	4,062	15	44,481	6	3,240	49	56,066
San Francisco	28	7,020	23	9,186	92	16,009	52	12,430	37	4,067	232	48,712
TOTAL UNITED STATES	128	120,038	110	63,391	405	78,183	202	84,405	130	35,129	975	381,146